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DEPARTMENT PLEASE PASS TO USDOE FOR GEORGE PERSON, JAMES
HART AND GINA ERICKSON
DEPARTMENT PLEASE ALSO PASS TO USTR-JBUNTIN
USDOC FOR 4520/ITA/MAC/OME-CLOUSTAUNAU
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SUBJECT: 2006 INVESTMENT CLIMATE STATEMENT: QATAR

¶1. This report serves as the 2006 Investment Climate Statement for Qatar. It will be provided to assist U.S. investors wishing to do business in Qatar.

¶2. Begin text of Investment Climate Statement.

A.1 Openness to Foreign Investment:

The government of Qatar, under the leadership of the Amir Sheikh Hamad bin Khalifa Al-Thani, strongly encourages international investment in Qatar. Qatar has attracted more foreign investment during the last decade than it did throughout the first two decades following independence from Britain in 1971. The main economic stimulus in Qatar is the development of its huge natural gas reserves in the North Field, the largest non-associated natural gas reservoir in the world. Qatar's liquefied natural gas (LNG) industry has attracted foreign investment worth nearly $ 70 billion. The oil and gas industry will continue to be the most attractive sector for foreign investors, as Qatar Petroleum expects investments in upcoming projects will exceed $ 100 billion by 2010.

Law No. 13/2000 allows up to 100 percent ownership by foreign investors in certain sectors, including agriculture, industry, health, education, tourism, development and exploitation of natural resources, energy or mining upon approval by decree from the government. In 2004, Qatar enacted Law No. 31/2004 which allows foreign investment in the banking and insurance sectors upon a decision of the Cabinet of Ministers. The same law stipulates that foreign investment is not allowed in commercial agencies and trading in real estate.

When approving majority foreign ownership in a project, Law No. 13/2000 states that the project should fit into the country's development plans. Law No. 13 adds that preference should be given to projects that use raw materials available in the local market, manufacture products for export, produce a new product or use of advanced technology, facilitate the transfer of technology and know-how in Qatar, and promote the development of national human resources.

Judicial decisions in commercial disputes are primarily based on contractual agreements, provided these agreements are not in conflict with applicable Qatari laws. U.S. firms are strongly encouraged to consult a local attorney before concluding any commercial agreement with a local entity.

In 2004, Qatar passed Law 17 which allows foreigners to own residential property in select projects. International firms interested in obtaining commercial registration under the provisions of laws No. 13/2000 and 17/2004 should make an application to the Department of Commercial Affairs at the Ministry of Economy and Commerce. U.S. firms have received commercial registration allowing 100 percent foreign ownership in recent years.

The government of Qatar has embarked on a privatization program designed to encourage and strengthen the Qatari private sector. To date, this effort has focused on the privatization of state-owned industries and corporations. For example, in early 2003, 15 percent of the government's shares in Qatar Petrochemical Company, Qatar Fertilizer Company, Qatar Fuel Additives Company and Qatar Steel Company were made available to Qatari investors through an initial public offering. There are no fully privatized companies in Qatar, but the government does allow foreigners to own up-to 25 percent of the capital of companies listed on the Doha Securities Market. Foreign Investors are not allowed to participate

in any Initial Public Offering (IPO), only Qatari and sometimes Gulf Co-Operation Council citizens have that privilege. The privatization program has been conducted through IPOs only.

In general, foreign investment is limited at 49 percent, with the Qatari partner(s) holding at least 51 percent. Noteworthy is that foreign firms continue to be required to use a local agent for matters related to immigration (sponsorship and residence of employees). Although there is no income tax on salaries in Qatar, foreign investors are subject to taxation on their income from investment. Conversely, Qataris are not subject to any kind of taxation, be it corporate or income. Only Qatari entities can be issued an import license.

Certain sectors are not open for domestic or foreign competition, including: public transportation, steel, cement, fuel distribution, and telecommunications. In these sectors, a single semi-public company has complete or predominant control, and enjoys a de facto monopoly by force of law.

Qatar has the fastest growing economy in the world. Qatar's Gross Domestic Product (GDP) is expected to grow by 29 percent in 2005, up from a very healthy 20.5 percent in 2004. High oil prices have increased the country's cash flow and offered alternative options for foreign investment. Foreign investment is highly encouraged in sectors like high technology, where know-how is paramount. The government of Qatar has adopted a prudent policy, in its view, when it comes to investment liberalization. This policy is based upon its desire to protect the local public and private companies from the arduous competition of wealthy and experienced foreign companies.

A2. Conversion and transfer policies:

Qatar's official currency, the Qatari riyal (QR), is a floating currency. Due to little demand for the riyal outside Qatar and national economy's dependence on oil and gas revenues, the government has pegged its exchange rate to the U.S. dollar. The official rate is QR 1.00 for $ 0.27 or $ 1.00 for QR 3.64, as set by the government in June 1980. This was reaffirmed by an Amiri decree issued July 9, 2001, as a step towards establishing a common currency for the Gulf Cooperation Council (GCC) countries, a decision agreed upon at a GCC Summit held in Bahrain in December 2000 and expected to take effect in ¶2010. The government maintains a floating rate against all other currencies, with the exception of four GCC countries - Saudi Arabia, Oman, United Arab Emirates and Bahrain - whose currencies are similarly pegged to the dollar.

Qatar does not delay remittance of foreign investment returns nor does it restrict transfer of funds associated with an investment such as return on dividends, return of capital, interest and principal payments on private foreign debt, lease payments, royalties and management fees. Similarly, there are no limitations on the inflow or outflow of funds for remittances of profits, debt services, capital, capital gains and other returns. However, local as well as foreign contractors may confront a delay of over three months in receiving their amount due without interest. Normally, such a delay is attributed to bureaucratic red tape. Foreign exchange is available at all times through banks and branches and exchange companies.

Article 9 of Law 13-2000 states the following: Foreign Investors shall have the right to bank for all amounts relevant to their investment from one to any external destination without any delay. Transfers shall include:

- Investment revenues.
- Amounts generated from partial or entire sale or liquidation investment.
- Amounts resulting from settlements of investments disputes
- Compensation from expropriation

In accordance with government regulations to combat money laundering and terrorist financing, all financial transactions in excess of QR 100,000 ($ 27,472) must be reported to Qatar Central Bank. Any repeated cash transactions of QR 30,000 (approximately $10,000) or higher made by an individual or entity must be reported.Any transfer of funds into Qatar in excess of QR 100,000 must have valid documentation regarding the use of these funds.

A3. Expropriation and compensation:

Law number 13-2000, Article 8 states: "1- Foreign Investment shall either directly or indirectly be subject to expropriation or any other similar procedures unless such measures are for public welfare and implements in a non-discriminating way, against a prompt and reasonable compensation in accordance with legal procedures and general principles stated in item 2 of this article."

It further states: "2- Compensation shall be equal to an actual economic value expropriated investment at time of expropriation or announcement of the same. Compensation should be estimated in accordance with a normal economic situation or precedent to any notification on expropriation of investment. Compensation should be paid with immediate effect and shall be transferable at any time. Up to settlement of compensation, an interest shall be calculated for the same in accordance with interest rate prevailing in the State."

There have been no cases of expropriation or sequestration of foreign investment in Qatar since the nationalization in the mid-1970s of Shell and Dukhan Services (the latter was a combination of six international oil companies handling Qatar's onshore operations on the country's West Coast.) The foreign interests were compensated promptly and fairly, in an act the government refers to as "negotiation," not "nationalization" or "sequestration."

Ownership of real estate is limited to Qatari nationals, except in designated real-estate development projects such as The Pearl, West Bay Lagoon, and Al-Khor Resort.

A4. Dispute settlement:

Qatar is not a member of the International Center for the Settlement of Investment Disputes (ICSID). In March 2003 Qatar became a signatory to the New York Convention of ¶1958. If and when investment disputes do occur, Qatar accepts binding international arbitration between the government and foreign investors. However, Qatari courts do not enforce judgments of other courts in disputes emanating from investment agreements made under the jurisdiction of other nations. Since 2000, Qatar has produced written laws covering a variety of investment and commercial matters. However, Qatar does not have a bankruptcy law - cultural norms prevent it. Currently Qatari society finds it unacceptable to publicly announce the bankruptcy of a Qatari citizen and/or a Qatari-owned company. Such an act is considered to be a disgrace to the person, his family, and the tribe to which he belongs. Noteworthy is that the government of Qatar sometimes plays the role of guarantor to keep the bankrupt business running, and safeguard creditors' rights.

U.S. firms are advised to consult with a Qatari or foreign-based law firm when executing contracts with local parties, in order to protect their own interests. Contracts between local and foreign parties serve as the basis for resolving any future commercial disputes. The process of resolving disputes in the Qatari legal system can be time-consuming.

A5. Performance requirements/incentives:

Performance requirements for foreign investment in Qatar, including a counter-trade offset program, do not exist. While screening investment proposals, the government may indicate preferences for locating facilities, capital investments and other matters. Disclosure of financial and employment data is required but proprietary information is not.
The government offers a variety of incentives to foreign investors, which may include tax exemptions, property grants, energy subsidies, and low-cost financing. The following is a list of possible incentives offered to foreign investors:

--Natural gas priced at $ 60-75 cents per MBTU (Million British Thermal Units);
--Electricity offered at less than $ two cents per KWH (Kilowatt Hour);
--Industrial land offered at $ 27 cents per square meter per year for a period of 50 years including options for renewing the lease;
--Exemption from customs duties on imports of machinery, equipment and spare parts;
--Exemption on export duties;
--Exemption from corporate earnings taxes for five years extendable to ten years;
--Exemption from income taxes;
--Absence of quotas on imports;
--Low cost financing through Qatar Industrial Development Bank; and,
--Flexible immigration and employment rules to enable

import of foreign labor.

The same incentives are offered to Qatari investors. Qataris are exempt from payment of corporate income tax.

Qatar does not maintain measures inconsistent with the Agreement on Trade-Related Investment Measures (TRIMs).

The Ministry of Energy and Industry is the authority that determines the amount of foreign equity and the extent of the incentives for industrial projects. For logistical reasons, industrial projects should be set-up in designated industrial zones. For other types of investments, there is no limitation on location. Necessary investment approvals should be obtained from the Public Health Authority, Qatar Tourism Authority, Ministry of Municipal Affairs & Agriculture, Ministry o Economy and Commerce, Supreme Education Council, and The Supreme Council for Environment and Natural Reserves.

The Qatar Science and Technology Park, located in Doha's modern Education City complex, offers U.S. and other foreign investors a unique opportunity to start up a research and development facility. Participating companies are allowed 100 percent foreign ownership commercial registration, and a 20-year exemption from payment of income tax.

A6. Right to private ownership and establishment

The Commercial Companies Law, Law No. 5/2002 (replacing Law No. 11/1981) controls the establishment of all private business concerns in Qatar. The updated law provides for corporate mergers, corporate bonds, and the conversion of corporate partnerships into joint stock companies.

Joint ventures involving foreign partners almost always take the form of limited liability partnerships. Law No. 15/1990, which controls foreign investment in commercial companies, does not allow foreign investors to enter into a joint stock company with Qatari partners. Foreign investors may own up to 49 percent, and the Qatari partners no less than 51 percent, of a limited liability concern. Foreign partners in ventures organized as limited liability partnerships must pay the full amount of their contribution to authorized capital in cash or in kind, prior to the start of operations. Usually, such firms are required to set aside 10 percent of profits each year in a statutory reserve, until it equals 50 percent of the venture's authorized capital.
Foreigners are generally not allowed to own property or invest in privatized public services. However, some residential and commercial areas of Doha and corporate stocks have been made available to foreign investors. On July 4, 2004, the Amir issued Law No. 17/2004, allowing foreigners to own some residential property in select projects of the Pearl, the West Bay Lagoon and Al-Khor resort.

Several state-owned companies in Qatar, such as Qatar Telecom, Qatar Postal Corporation, and Qatar Airways, dominate services activities, and still operate under monopoly, or hold exclusive rights in some economic sectors.

A7. Protection of property rights:

Within Qatar, owners of trademarks and copyrights and holders of patents depend on Qatari laws and regulations for protection. Intellectual property rights in Qatar are protected by Law No. 7/2002 (Copyright and Neighboring Rights Law) and Law No. 9/2002 (Trademarks and Geographical Indicators Law). Qatar has adopted the GCC Patent Law and created a GCC Patent Office. The Ministry of Economy and Commerce is responsible for enforcing these laws and other intellectual property rights matters.

The Ministry of Public Health requires registration of all pharmaceutical products imported into the country and will not register unauthorized copies of products patented in other countries.
Qatar is member of the World Trade Organization (WTO) and the World Intellectual Property Organization (WIPO).
Qatar is a member of the following WIPO Treaties:

-- WIPO Convention, since September 1976.
-- Paris Convention (Industrial Property), since July ¶2000.
-- Berne Convention (Literary and Artistic Works), since July 2000.
-- Nairobi Treaty (Olympic Symbol), since July 1983.
-- WCT (WIPO Copyright Treaty), since October 2005.
-- WPPT (WIPO Performances and Phonograms Treaty), since October 2005.

Qatar is also Member and Signatory to the TRIPS Agreement, since January 1996.

A8. Transparency of the regulatory system:

In Qatar, the government is the major buyer and end-user of a wide range of products and services. Government procurement regulations provide a ten percent preference for Qatari bidders and five percent for GCC bidders.

The Central Tenders Committee (CTC) of the Ministry of Finance is responsible for processing the majority of public sector tenders. The CTC applies standard tendering procedures and adheres to established performance norms. It also sets the standards for rules and regulations for bidding procedures.

Information on CTC tenders may be obtained from the CTC office in Doha or on the Internet at http://www.ctc.gov.qa. In tenders valued in excess of QR 100 million ($ 27 million), the CTC may invite and pre-qualify international firms to bid for a specific product or service. Technical bids submitted to the CTC are referred to the appropriate government end-user for short-listing. The CTC then opens the commercial bids and recommends the lowest priced, technically qualified bidder to the entity concerned, which will make the final award decision. Inquiries about specific award decisions should be directed to the CTC.

Some governmental entities have internal tender committees. The Ministry of Energy and Industry, Qatar Petroleum, Urban Planning and Development Authority, and Public Woks Authority process all tenders independently. Qatar Armed Forces and the Ministry of Interior are responsible for issuing tenders for classified materials and services.

Foreign firms wishing to participate in government procurement programs may be required to have a local agent and provide bid and performance bonds. International bidders should contact end-users directly for information on local agent requirements.

Other regulatory policies do not significantly affect foreign investment decisions. The government continues to strive to facilitate private investment (foreign and national) in the Qatari economy.

The lack of transparency in Qatari government procurement has become a growing issue. Some U.S. companies have expressed concerns about the lack of transparency in government procurement. The government of Qatar is aware of these concerns and the United States will continue to engage Qatar on this issue.

A9. Efficient capital markets and portfolio investment

In Qatar, there are no restrictions on the free flow of capital.

Qatar Central Bank (QCB) adheres to conservative policies aimed at maintaining steady economic growth and prudent and responsible banking sector.

Loans are allocated on market terms, and foreign companies are essentially treated the same as local companies.

Qatar's banking sector assets were estimated at QR 117 billion ($ 32.2 billion) at the end of September 2005, up 43.11 percent from the prior year. Qatar National Bank (QND), which is 50 percent state-owned, is the largest bank in the country, with total assets of QR 39.4 billion ($ 10.82 billion) in 2004, up 96.7 percent from the prior year. QNB assets continue to represent over 50 percent of the total assets of all Qatari commercial banks. The QNB Return on Average Equity increased from 12.6 percent in 2000 to 18.6 percent in 2004, while the efficiency ratio improved from 28.3 percent in 2000 to 26.5 percent in ¶2004.

Almost all import transactions are controlled by standard letters of credit (L/Cs) processed by local banks and their correspondent banks in the exporting countries. Credit facilities are provided to local and foreign investors within the framework of standard international banking practices. Foreign investors are usually required to have a guarantee from their local sponsor/local equity partner. However, in accordance with QCB guidelines, banks operating in Qatar give priority to Qataris and to public development projects in their financing operations. Moreover, QCB prohibits banks from lending an amount greater than seven percent of a bank's capital base to any single customer.

In addition, the Qatar Central Bank does not allow "cross-sharing" and "stable shareholder" arrangements among banks and other business concerns that result in fewer shares of some corporations actually trading freely in the market.

The Doha Securities Market (DSM) is considered the second most active stock market in the Middle East and North Africa. The DSM index has grown from 6493 points in 2004 to 11,053 at the end of 2005, an increase of over 70.22 percent. In 2005, the DSM has attracted approximately $ 28.25 billion in investment. DSM has benefited from Qatar's current economic boom, low remuneration of bank deposits, an excess of liquidity in the economy and policies that foster an open economy attractive to the private sector and foreign investment.

Qatar's current regulations allow foreigners to invest in all DSM listed companies stock options. The total of foreign investments cannot exceed 25 percent of the capital of any listed company except Qatar Telecom and Salam International Investment, where foreign investment share may be higher. In May 2004, the Ministry of Economy and Commerce issued the implementing regulations for the Mutual Fund Law (Law. No 25/2002), which allows expatriates to invest indirectly the stock market. No bond loans have been traded on the DSM.

International credit rating companies have recognized Qatar's management of its economy, banking and finance sectors, and rewarded it with top grades. For example, in 2005, Standard and Poor's rated Qatar an "A+," credit rating, Capital Intelligence rated Qatar an "A+," and Moody's rated it an "A1."

A10. Political violence:

Qatar is politically stable. The crime rate is low. There are no political parties, labor unions or trade associations. There is no known organized domestic political opposition. These facts combine to minimize organized dissent.

With regard to possible terrorist attacks, the U.S. government considers the potential for acts of transnational terrorism to occur in Qatar as high. Potential investors and U.S. citizens are encouraged to stay in close contact with the Embassy for up-to-date threat information.

A11. A. Corruption:

A bribe to an official or a foreign official in Qatar is viewed as a crime. Law No. 14/1971 stipulates that a government official who is convicted of corruption may receive up to seven years' imprisonment. According to Law No. 14, corruption should be investigated by the Office of the Attorney General and Ministry of Interior's Criminal Investigation Department. Final judgments are made by the criminal court, which falls under the Ministry of Justice. While normal punishment for giving/taking a bribe is imprisonment of up to seven years, the minimum is one year's imprisonment and/or a fine worth QR 1,000 ($ 275).

The government of Qatar has begun a major initiative to combat corruption in government procurement. Several cases of alleged corruption at a variety of government entities are currently under investigation or adjudication. State-owned entities are increasingly sensitive to appearances of corruption and are working to establish more open and transparent processes.

Qatar is not a party to Organization for Economic Cooperation and Development (OECD) Convention on Combating Bribery of Foreign Public Officials.

Qatar is not a participant in regional anti-corruption initiatives. No regional or local watchdog organization operates in this country.

Corruption is often present in government procurement. Lack of transparency, favoritism and political connections are the major cause of the problem.

The Amir, the Heir Apparent, and Second Deputy Prime Minister and Minister of Energy and Industry are the most determined government officials in the battle against corruption.

In 2005, Qatar is ranked 32 in Transparency International's Corruption Perceptions Index and scores 5.9

U.S. investors are subject to the provisions of the U.S.

Foreign Corrupt Practices Act.
b. Bilateral Investment Agreements:
Over the past ten years, Qatar has signed bilateral investment protection agreements with several countries, including Belarus (2001), Bosnia and Herzegovina (1998), China (1999), Croatia (2001), Cuba (2001), Finland (2001), France (1996), Germany (1996), India (1999), Iran (1999), South Korea (1999), Morocco(1999), Pakistan (1999), Romania (1996), Senegal (1998), Sudan (1998), Switzerland (2001), Turkey (2001).

On November 5th 2005, Qatar and Singapore signed a free trade agreement (QSFTA). Both countries are still working on finalizing the text of the agreement.

Qatar has not entered into a bilateral investment, trade or taxation treaty with the U.S. However, Qatar and the U.S. did sign a Trade and Investment Framework Agreement (TIFA) in April 2004.

c. OPIC and other investment insurance programs:

Due to concerns about labor practices in Qatar, OPIC suspended its operations in Qatar in 1995. However, Qatar is working diligently to improve its labor standards in order to reinstate OPIC coverage. In May 2004, Qatar passed a new labor law which provides more rights and protections for Qataris and non-Qataris.

Qatar has no plans to become a member of the Multilateral Investment Guarantee Agency (MIGA).

d. Labor:

Qatar's labor force consists primarily of expatriate workers, and their role in the economy is very important. Qatar's current population is estimated at 860,000. Qatari citizens are estimated to number only 180,000 - less than a quarter of the total population. The largest group of foreign workers comes from the Indian sub-continent. Recently, the government has begun to diversify the sources of expatriate labor, increasing the percentage of workers from outside this region. The Ministry of Interior and the Ministry of Civil Service and Housing Affairs' Department of Labor regulate recruitment of expatriate labor, but Qatar's plan to develop its own manpower resources continues to receive attention at all government levels.

In May 2004, Qatar passed a new labor law which allows Qatari workers to right to strike, to form worker's committees and to join international labor organizations with ministerial approval. Strikes are forbidden in vital industries including oil and gas, water and power, transport, communications and hospitals. Under the new law, all workers have the right to conduct collective negotiations over all work-related issues through the formation of joint committees with employers. Where workers' committees exist, they will represent the interest of all employees; in other cases, provided there are 30 or more employees, they may directly elect representatives.

Where joint committees cannot resolve disputes, they must be submitted to the Labor Department in the Ministry of Civil Service Affairs and Housing for mediation. If still unresolved, they go to a "Committee of Settlement" composed of representatives of the Ministry, employer and employees. If still unresolved, disputes will then be brought before an Arbitration Committee headed by a judge, and composed of representatives of the Minister, the Qatar Chamber of Commerce and Industry, and the Qatar General Union of Workers.

All expatriate labor must have a Qatari sponsor. Therefore, foreign investors are urged to negotiate labor visa issues with their sponsors/local agents/partners in the early stages of contract negotiation. The Ministry of Interior and the current sponsor must approve all transfers of sponsorship of an expatriate from one Qatari national or firm to another. With the approval of the Ministry of Interior, sponsorship of employees who filed valid complaints of abuse by employers can be transferred without the current employer's agreement. By law, an expatriate hired locally is only entitled to two sponsorship transfers during his/her residence in Qatar, provided he/she is below 60 years of age. Expatriates hired abroad are not allowed to change sponsorship. If for any reason a residence permit is canceled, the expatriate is not allowed to return to Qatar on a work visa for a period of two years.

It is common practice in Qatar for expatriate workers to be provided accommodation, end of service benefits and homeward passage allowance, in addition to salaries. Qatar does not have a minimum wage regulation. However,

the Labor Department has set minimum wages for domestic helpers, drivers and construction workers. While salaries and wages are negotiable, end of service benefits are subject to three different laws.

Qatar is a member of the International Labor Organization (ILO). Generally, labor experts believe that Qatar's labor law does not meet ILO minimum requirements.

e. Foreign trade zones/Free ports:
In September 2005, Qatar issued Law No.36 that seeks to permit the setting up of a duty-free Science and Technology Park. Foreign individuals and companies will be allowed to set up projects to do with research and development (R&D) work, product development, technical training and consultancy services in this free zone.
¶76. Foreign entities wishing to invest in this free zone should apply for a license to the Park's managing board. No other licensing rules prevalent in the country will apply to the above businesses, although individuals will be subject to the criminal and civil laws of the state. Licensed foreign companies can enjoy 100 percent ownership and full capital and income repatriation benefits.
Law No. 36 also states that any business in the Science and Technology Park will be exempt from all taxes, including income tax. The property of such a business is not to be seized under any circumstance, but capital and other cash can be seized on the orders of a local court. Equipment, machineries or any other goods being imported for use by an entity doing business in the Science and Technology Park will be exempt from customs duty, and goods produced in the Park will not be subject to export tax.
Goods being sold within the Qatar, but outside the Park, will attract the normal customs duty that is applicable to imported products.
Inflammable materials and those to do with radiation, drugs and weapons as well as explosives are banned from import by any of the licensed businesses.
Priority in employment would be given to Qatari nationals. Resident expatriates will be able to join a licensed company if there is no objection from the Ministry of Interior. Conditions governing sponsorship change, including nationality quotas, will not apply to expatriates being recruited by a licensed company provided there is no objection from the Ministry of Interior.
The Ministry of Economy and Commerce conducted a study in view of the establishment of Free Investment Zone (FIZ) in Qatar. Those zones will be managed by a FIZ Regulatory Authority. A tax holiday of 20 years is expected to be given to all investors in the FIZ. All projects within the FIZ will allow 100 percent foreign ownership. The results of this study have not been made public yet, but are expected early 2006.
f. Foreign direct investments statistics:

The government of Qatar does not publish detailed statistics for foreign direct investment in Qatar or the government's direct investments overseas.
In recent years, Qatar has attracted sizeable investments in the areas of enhanced oil recovery and production, as well as the development of Qatar's gas industry. During the past ten years, QP and its partners have invested an estimated $ 100 billion in upstream and downstream operations. The development of Qatar's offshore natural gas reserves in the North Field will continue to dominate all other sectors in attracting foreign investors.
Qatar's gas industry has attracted investors/creditors from the around the world. The U.S. firm ExxonMobil alone has invested approximately $ 40 billion, in part as equity shareholder in Qatar Liquefied Natural Gas Company (Qatargas) (10 percent) and Ras Laffan Liquefied Natural Gas Co. (RasGas) (26.5 percent).

Leading U.S. oil companies such as Occidental and Anadarko are currently operating under production sharing agreements for enhanced oil recovery/production. U.S. investment in Qatar (mainly in the oil and gas sector) is estimated to be $ 60-70 billion. Government officials expect an additional approximately $ 70 billion will be invested in Qatar's energy sector by 2010.

The following is a list of foreign equity participation investors, U.S. firms included, in some major state-owned industrial/petroleum related industries:

Petrochemicals

Qatar Fertilizer Company (QAFCO) is jointly owned by Industries Qatar (IQ) (75percent), Yara Nederland BV (15percent) and Fertilizer Holdings AS (10percent) - Year established: 1969. Commencement of commercial production:
¶1974. Total Shareholders Equity end 2004 is $ 791.5 million.

Qatar Petrochemical Company (QAPCO) is jointly owned by Industries Qatar (IQ) (80percent), Total Petrochemicals (20percent) - Equity share capital: QR 360 million ($ 99 million) - Year established: 1975. Commencement of commercial production: 1981- Total Shareholders Equity: $777.5 million

Qatar Fuel Additives Company Ltd. (QAFAC) is jointly owned by Industries Qatar (IQ) (50percent), Chinese Petroleum Corporation (CPC) 20percent, Lee Chang Yung Chemical Industry Corporation (LCYCIC) 15percent and International Octane Limited 15percent.- Total capital QR 2.5 billion ($ 687 million. Year established: 1992. End-users: Far East, India, Europe and Arabian Gulf. Commencement of commercial production: 2001. Total Shareholders Equity: Unknown

Qatar Vinyl Company (QVC) is jointly owned by Shareholders are Qatar Petroleum (25.5percent), QAPCO (31.9percent), Norsk Hydro (Norway) (29.7percent) and Total Petrochemicals (formally Atofina) (France) (12.9percent). Year established: 1996. End-users: Asian countries. Commencement of commercial production: Mid-2001Total Shareholders Equity: Unknown

Qatar Chemical Company (Q-Chem): Equity Share Capital: Unknown. Shareholders: Qatar Petroleum (QP) 51 percent; Chevron-Phillips Chemical Company (USA) 49 percent. Year established: 1997. End-users: Asia, Europe, Middle East and Africa. Commencement of commercial production: 2003. Current value of foreign equity: Unknown.

Qatar Chemical Company II (Q-Chem II): Equity Share Capital: Unknown. Shareholders: Qatar Petroleum 51 percent and ChevronPhillips 49 percent. Year Established: ¶2002. End-users: Local and international. Commencement of commercial production: 2007. Current value of foreign equity: Unknown.

Qatofin: Equity Share Capital: Unknown. Shareholders: QAPCO 63 percent, Total Petrochemicals (formally Atofina) 36 percent and QP 1 percent. Year Established: 2002. End-users: Asia and Europe. Commencement of commercial production: 2007. Current value of foreign equity: Unknown.

Ras Laffan Ethylene Cracker: Equity Share Capital: Unknown. Shareholders: Q-Chem II 53.31 percent, Qatofin 45.69 percent and QP 1 percent. Year Established: 2002. End-users: Domestic. Commencement of commercial production: 2007. Current value of foreign equity: Unknown.

Liquefied Natural Gas Projects

Qatar Liquefied Gas Company (Qatargas): Equity share capital: QR 500 million ($ 137 million). Shareholders: Upstream: Qatar Petroleum (QP) 65 percent, Total (France) 10 percent, Marubeni Corporation (Japan) and Mitsui and Company Ltd. (Japan) 7.5 percent each and ExxonMobil Oil (USA) 10 percent. Shareholders: Downstream: Qatar Petroleum 65.0 percent, Totalfinaelf 20.0 percent, Exxonmobil 10.0 percent, Mitsui 2.5 percent, Marubeni 2.5 percent. Year established: 1984. End-users of LNG: Worldwide. Commencement of commercial production: December 1996. Current value of foreign equity: Unknown.

Qatar Liquefied Gas Company (Qatargas) II (Qatargas II): Equity share capital: Unknown. Shareholders: Qatar Petroleum 70 percent and ExxonMobil 30 percent. Year Established: 2002. End-users: U.K. Commencement of commercial production: 2007. Current value of foreign equity: Unknown.

Qatar Liquefied Gas Company (Qatargas) III (Qatargas III): Equity Share Capital: $ 5 billion Shareholders: Qatar Petroleum (QP) 70 percent and ConocoPhillips 30 percent. Year Established: 2003. End-users: USA Commencement of commercial production: 2009. Current value of foreign equity: Unknown.

Ras Laffan Liquefied Natural Gas Co. (RasGas): Equity share capital: QR 7.28 billion ($ 2 billion). Shareholders: Qatar Petroleum (QP) 63 percent, Mobil QM Gas Inc. 25 percent, Itochu Corporation 4 percent, Nissho Iwai Corporation 3 percent and KOGAS 5 percent. Year established: 1993. End-users of LNG: South Korea 91 percent, Spain 6 percent and the U.S. 3 percent. Commencement of commercial production: 1999. Current value of foreign equity: Unknown.

Ras Laffan Liquefied Natural Gas Co. (RasGas) II (RasGas II): Equity Share Capital: $ 550 million. Shareholders: QP 70 percent and ExxonMobil 30 percent. Year Established: 2001. End-users: India, Italy, Spain,

Taiwan. Commencement of commercial production: 2004 (Train 3). Current value of foreign equity: Unknown.

Ras Laffan Liquefied Natural Gas Co. (RasGas) III (RasGas III): Equity Share: Unknown. Capital: $ 12-14 million. Shareholders: QP 70 percent stake and ExxonMobil 30 percent. Year Established: 2003. End-users: USA Commencement of commercial production: 2010. Current value of foreign equity: Unknown.

Gas-To-Liquids Projects

Oryx GTL Project: Equity Share Capital: Unknown. Shareholders: Qatar Petroleum 51 percent and Sasol 49 percent. Year Established: 2003. End-users: Singapore, Japan and Europe. Commencement of commercial production: 2006 (revised from initial estimate of December 2006). Current value of foreign equity: Unknown.

Other Oil and Gas-Based Industries

Gulf International Drilling: Equity Share Capital: $ 258 million. Shareholders: Qatar Petroleum 60 percent and JDC 40 percent. Year Established: 2004. End-users: TBD Commencement of commercial operations: 2004. Current value of foreign equity: Unknown.
Power & Utilities
Ras Laffan Independent Water and Power Project: Equity Share Capital: $572 million. Shareholders: AES Corporation 55 percent, Qatar Electricity and Water Company 25 percent, Qatar Petroleum 10 percent and Gulf Investment Corporation 10 percent. Year Established:
¶2001. End-users: Local. Commencement of commercial production: 2004. Current value of foreign equity: Unknown.

Q Power Company: Equity Share Capital: Unknown. Shareholders: Qatar Electricity & Water Co. - 55 percent, International Power Plc (UK) - 40 percent Chubu Electric Power Company (Japan) 5 percent.

¶3. End text of Investment Climate Statement.
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